

LAND & LIBERTY

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RIVAL LAND POLICIES DEBATED

Recent statements by Sir Hartley Shawcross, Q.C., M.P., Attorney-General in the last Labour Administration, have led to a controversy in which leading protagonists have taken part. Speaking at Tolpuddle, July 19, Sir Hartley revealed again the cleavage within the Labour Party on the matter of land policy:—

"The nationalisation of land, whether it is of all land, or a scheme of logical, or of rented land, a curious proposition. The marginal immensely difficult to accomplish and the Ministry of Agriculture in crippling expense," said Sir Hartley. "More serious still, I cannot see that the State would be an efficient landlord or manager of land. Nationalisation of the land, I am afraid, would create an enormous bureaucratic system which would disrupt our agriculture and cause a great deal of social and economic chaos. But that is not to say that nothing should be done . . . We should introduce a system of taxing land values which, without putting the State to the expense of paying compensation, would compel landowners to use their land to the best advantage."

Earlier in his speech, Sir Hartley said that he mistrusted the professional "know-alls" and highbrows (within the Labour Party) who believed themselves to be appointed by divine selection to control and order the lives of the rest of us.

Tribune, the Bevanite journal, foremost among the advocates of the nationalisation of rented agricultural land, July 24 issue, attacked Sir Hartley Shawcross for his Tolpuddle speech commenting that he chose to make these remarks for the benefit of "the class-born-to-rule—the landlords," and adding that the Central Landowners' Association could not have put the case against land nationalisation more succinctly. In default of any argument to support this extraordinary assertion, *Tribune* was at pains to omit any mention of Sir Hartley's call for the taxation of land values.

The Hostile Land Union

On the other hand, Mr. Charles Rhys, a former Chairman of the Land Union, a body established specifically to safeguard the interests of landowners and consistent opponents of land value taxation, joined issue with Sir Hartley in the following letter to *The Times*, July 21. He wrote:—

"It is of some comfort that a leading member of the Socialist Party in the person of Sir Hartley Shawcross at last recognises the impracticability of nationalisation of the

land as reported in your columns on July 20. But Sir Hartley Shawcross once again advances the theory of taxation of land values as an encouragement to agriculture. How a further tax on land leads to this is difficult to understand, but perhaps Sir Hartley Shawcross will produce his scheme in the near future.

"In my county of Carmarthenshire 80 per cent of the farmers are landowners, and they will doubtless await details of this new tax with interest, if not apprehension, coupled as it will be with the proposal to introduce "collective norms" per district, as outlined on page 16 of *Challenge to Britain* recently published by the Socialist Party.

"The land taxes of Mr. Lloyd George in 1910 were repealed in due course by their author as unworkable, while those of Mr. Snowden were withdrawn before coming into force."

Rejoinder from the United Committee

Response to Mr. Charles Rhys was given by Mr. A. W. Madsen, writing as Secretary of the United Committee for the Taxation of Land Values. It was published in *The Times*, July 27:—

"I agree with Mr. Charles Rhys, the former Chairman of the Land Union, that Sir Hartley Shawcross does right in opposing the nationalisation of the land. The proposition is not only impracticable, it is fundamentally unjust seeing that it would involve the payment of public money to landowners for values in land they have done nothing whatever to create—a payment that would correspondingly involve a heavy increase of taxation on the people as a whole whether as producers or as consumers. There could be no nationalisation of the land without at the same time nationalising all that stands on it in the way of buildings and other improvements, for there is nothing in the proposals of the Labour Party to indicate that they would distinguish between the land as such and the improvements thereon.

"The idea of nationalising only rented agricultural land is particularly preposterous, for it means that all land now owner-occupied would never be rented at all; the fear that it would be nationalised would stop any such developments. These are only some of the readily seen objections to the Labour Party's proposals, besides the fact that there is no ground whatever for isolating agricultural land or 'rented' agricultural land for peculiar treatment. Nor is there a case for the State or the municipality enter-

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THE LABOUR PARTY'S "CHALLENGE TO BRITAIN"

The Labour Party's new policy statement, *Challenge to Britain*, could more accurately be described as "The Shadow of the Dollar Gap" or "Opportunities for Planners." It is not inspiring. Only in the sense that it threatens to extinguish the remaining vestiges of economic freedom is it a challenge at all. Threats, veiled and open, mingle with gloomy prognostications of a dire catastrophe about to overwhelm the British economy. We are to believe that the timely return to power of the Labour Party, armed to the teeth with Plans for curing all ills and warding off all dangers, alone can save Britain from the deluge. But sacrifices will be necessary. Indeed the word "sacrifice" runs through the whole document, the drab little theme tune of a harrowing dirge. Listen: "There is still time to win the peace—on one condition—that we face the *harsh facts* of life and take *drastic Socialist measures* which alone can *prevent catastrophe*. The Plan for Britain which we outline will *involve sacrifices* not only of material benefits, but of many cherished habits and traditions." [Our italics, Ed. L. & L.]

Primitive fire worshippers could have no greater faith in the value of sacrificial offerings.

By a strange irony, reviews of this policy statement first appeared in the morning papers of June 17. While the British public read of the further restrictions which the future might hold in store for them, the people of East Germany were revolting against *drastic Socialist measures* and demanding freedom. There, indeed, was a challenge to Britain, the more remarkable since it came from those whom the world believed had become resigned to tyranny. The sentiments and language in the introductory, and elsewhere, of the Labour Party's pronouncement bear a striking similarity to those contained in the communiqué issued from the office of the East German Prime Minister. Compare:

Challenge to Britain, page 1: "We are convinced the British people will accept these sacrifices once it is realised that only by so doing can we regain our economic independence, defend our living standards and play our full part in saving the peace."

East German communiqué, published May 29: "The Cabinet has decided to concede the wish, expressed by the broad mass of the workers, for a general revision and increase of working norms and has resolved to take steps to bring the working norms into agreement with the need to raise working productivity and reduce overheads."

The sweeping reforms reversing Communist policy in East Germany announced June 11 left intact the plan to

raise the "norms." Six days later the people revolted. Surely the British people will reject as emphatically the Hard Labour Party's plan for more work and lower wages?

The Dollar Gap Bogey

The so-called dollar gap appears to haunt the National Executive of the Labour Party. There is no hint anywhere that the mythical monster was created by their Party when it was in office, and is maintained to-day, by the simple device of artificially pegging the dollar-pound sterling ratio. Feverishly they seek the silver bullet traditionally reserved for killing the supernatural. Thus we are offered schemes for earning dollars and for saving dollars and for tightening currency controls. But, of course, there is no suggestion that the exchange controls should be swept away, the pound allowed to find its own level and the dollar gap permitted to close itself.

The Goal—State Socialism

Labour believes that the country which is governed most is governed best. It no longer "believes in Britain," but it has boundless faith in its own prowess and its special mission to control and direct in the minutest detail every facet of the national economy. "Though the case for nationalization is compelling," say the authors of *Challenge to Britain*, "we advocate nationalization here only for those industries where the immediate national need makes the case overwhelming." But elsewhere they make it perfectly clear that their present proposal is but stepping stones towards the Party's ultimate goal in the nationalization of the means of production, distribution and exchange. Right on the first page, for instance, they tartly may as impracticable "the attempt to restore free enterprise." This, of course, is strictly correct, since under land monopoly Britain has never known truly free enterprise, but that is not what is meant. Indeed, land monopoly might not exist for nowhere in this document does it receive even a passing reference.

Thus with land monopoly conveniently ignored, the dollar gap regarded as an inevitable and eternal phenomenon, a scourge sent by God to chasten mankind in Western Europe, and protection elevated into a patriotic cult, the reader is offered the false choice between private monopoly capitalism and State Socialism. The Welfare State is thrown in for good measure to help to mitigate the worst effects of what is represented to be the insoluble poverty question at home and the belief is expressed that Britain has a duty to combat hunger, poverty, ignorance and disease in Africa and Asia. The Colombo Plan and the World Bank are both praised, "but a larger and more imaginative world scheme is a crying need."

Some Fallacies and Contradictions

A complete issue of LAND & LIBERTY would scarcely suffice to criticise adequately the many fallacies, foolish notions and contradictions that are scattered throughout the pamphlet. Practically every sentence can be contested. We content ourselves with a few taken at random. For instance on page 2 we read that "Our standard of living is based on foreign trade to an extent unknown by any other major country. Here lies our wealth and our weakness." As well say that a man's life is based on his need for air; there lies his strength and, if a ligature is tied round his neck, or he is confined, his weakness; trade is always a source of strength and prosperity; restrictions on trade inevitably produce poverty and decline.

Dollar earning: "More still could be done if the Americans gave up using high tariffs and other protective

devices to limit competition from abroad . . . We should press the Americans to remove their restrictions" (pages 3 and 4). On the next page the Soviet bloc is castigated for rejecting economic co-operation and for seeking to achieve self-sufficiency. Yet economic nationalism for Britain and the Sterling Area is repeatedly advocated in the pages of this document.

To close the dollar gap not only are we told that Britain must export more manufactured goods to the American market and import fewer "dollar goods," but (page 4) "We must find substitutes for dollar goods even if these cost us more to start with while their production is being developed." This is but one of the many recommendations made in the series of articles entitled *Re-thinking Our Future* which appeared in *The Observer* some time ago (reviewed in LAND & LIBERTY last October) which are incorporated in the Labour Party's new policy. It is not the only proposal which, if adopted, would deliberately, remorselessly and needlessly lower living standards in Britain.

Protection and Socialism are Bedfellows

Two sentences on page 7 might well be placed on the desk of every Conservative M.P. and learned by heart by those so-called "Radical Reform" Liberals who believe that a protected and subsidised agriculture is attainable within a relatively free society. It is not, and *Challenge to Britain* states the reason logically and forcefully in these words: "It is no good Whitehall working on blueprints for increasing agricultural output or expanding engineering exports unless the Government has the power to ensure that these blueprints are put into effect. Without an extension of Socialist planning and public ownership this expansion will be impossible to achieve."

Socialists apparently are not afraid of stating the self-evident. Thus on page 8 we find this little gem: "Our real hope of increasing export earnings lies in a large expansion of those sectors of industry which are producing goods for which the world demand is likely to rise." Is it not at least within the bounds of possibility that the same thought would occur to, and be acted upon, by manufacturers and investors within a free economy? On the same page there is suggested "the most important contribution of all" for solving the ever-pressing problem of saving dollars, namely "a further major expansion of British agriculture to provide at reasonable prices a large supply of home-grown food." How this is to be reconciled with the statement on page 5 that "a Labour Britain would encourage primary producers (in the Sterling Area) to expand production boldly through the offer of long-term guarantees to buy large quantities at settled prices" is left to the reader's imagination.

This random sampling has afforded sufficient indication of the style and content of the Transport House treasury. But before passing on briefly to list Labour's main proposals there is one sentence (page 16) outstandingly worthy of inclusion in our commentary. It reads: "When we export

a Comet we get something like £30,000 per ton of raw materials used in its manufacture as against (for instance) £600 a ton for a motor car." One is tempted to ask the Labour Party which is the heavier: a pound of feathers or a pound of lead, and whether they have considered the immense sum per ton of raw materials used that might be realised if Britain were to engage in the mass export of oil paintings.

Nationalization and "Encouragement"

The main proposals affecting industry include the restoration to "public ownership" of the transport and steel industries. Measures for increasing coal production which include the co-ordination by the Minister of Fuel of both development and price policy in coal, gas and electricity are adumbrated. To "encourage" the engineering industry a Labour government would ensure an "adequate supply of risk capital at cheap rates," establish an Export Promotion Organization and "take direct action where necessary to achieve the expansion required." Labour would "acquire in the public interest" a number of key machine tool firms, "any aircraft manufacturing firm which falls down on its job," and sections of the chemicals industry. Only the last named would be acquired explicitly in such a way "that will not disturb the smooth functioning of the industry at home and abroad." Various research organizations would be set up for the production of prototypes for new machines for mining coal and other minerals at home and for export. "Action would be taken (but what?) to ensure that the vital heavy electrical engineering industry is fully at the nation's service." The consumer industries would be encouraged to set up Development Councils and Labour would seek to secure for the consumer the benefits of standardization and long production by Government ordering and other methods.

High Taxation and Increased Debt

One of Labour's main objectives is to maintain full employment. This, we are told, requires a high level of investment which in turn is possible only if enough savings are made. The Budget would be used to ensure that total savings were adequate, small savings would be encouraged (how is not stated) and direct controls used to ensure that resources were not wasted through inflation. Legislation to place the necessary dictatorial powers on a permanent basis, "subject to Parliamentary safeguards," would be introduced. A capital gains tax and other proposals would be considered in the light of the Report of the Royal Commission on Taxation, and steps would be taken to "ensure that the burden of taxation is fairly distributed." (We have no idea what that means). New financial institutions *might* be created to supply industry with risk capital. Budgetary and other means would be employed to oblige privately-owned companies "to re-invest as much as possible of their profits rather than distribute them in dividends. Special consideration will be given to the resources of insurance companies and the extent to which they serve the nation's economic objectives." Here be it noted the Labour Party is synonymous with the nation. "Urgent investment will be pushed ahead in the publicly-owned sector" of industry while "in the private sector, Labour will encourage and assist new investment in the right directions by a variety of techniques."—all those so-called "techniques" involving a vast expenditure and concurrent additions to the national debt and burdensome taxation as to which these politicians seem to be completely callous.

LABOUR M.P.S LAUGH AT THE "CHALLENGE"

"Mr. R. R. Stokes unintentionally provided the House with a novel and illuminating experience. He referred once to 'that great pamphlet *The Challenge to Britain*' and members laughed. What members? Tories? No; Labour members below the gangway. Never before has one heard Labour members moved to open derision at the mention of a party statement of policy"—From the *Manchester Guardian* Parliamentary Correspondent's report, July 21, of a Commons debate on scientific research and productivity.

Welfare State Proposals

Labour's social aims (as opposed to the preceding anti-social objectives?) include reform of the educational system, the maintenance of "the real value of benefits, pensions or allowances" (vitaly necessary if Labour's wildly inflationary policy is ever to be applied and the fundamental causes of poverty are to be left firmly entrenched) and a thorough examination of the future of Industrial Assurance which Labour believes "should be a publicly organized service." Charges for drugs, medicines, appliances, etc., would be abolished and the possibility of the State manufacture of the essential needs of the Health Service would be examined. The benevolent Party, champion of the poor, defender of the sick, will dip into its bottomless purse to "provide long-stay annexes" and "half-way houses" for hospital patients who do not require constant medical attention. Local authorities should play a larger part in administering the Health Service and be "encouraged"—a favourite word—to establish more old people's residential homes. Plans for housing include "a balanced building programme," an extension of "the municipal ownership of rented dwellings," the establishment of yet one more public corporation, this time "to build extra houses in areas where new industries are being developed," and an attack on restrictive practices in the building industry. "Labour will again make it financially easier for those who wish to buy their own homes" and "give leaseholders the opportunity of purchasing the freeholds of their houses."

Land Value Rating—Perhaps!

There is tribute to the value and importance of local democracy coming strangely from the Party which has shorn the powers and functions of local authorities, nationalizing their gas, electricity and transport enterprises, reducing them to the status of mere agents of central government dependent upon Treasury grants. Yet *Challenge to Britain* states that "Labour will continue to foster local government" and proudly claims that "in a number of the proposals we have made, the responsibilities of local authorities will be increased." The need for local government reform is admitted and a promise is made to take whatever action may be needed "to improve efficiency and to extend local democratic control of local services." There is given a specific undertaking to repeal the de-rating provisions of the 1929 Local Governments Acts—the only concrete proposal in the whole document which we can endorse—and "a full review of local government finance, including the possibility [sic] of the rating of site values" is promised, no doubt as a sop to those M.P.s and other Party members who have recently agitated for this reform, and with an eye on the Liberal voter.

The People versus the Landlords

The landed interest need have no fears. The Labour Party's resumption of office is not imminent and no doubt it would leave to the last the establishment of a Committee charged to investigate the possibility of taking rates off buildings and improvements and placing them on the unimproved value of land. If precedents are any guide, another two or three, or even four years might pass before the Committee published its findings which, again according to precedent, might well be divided on the desirability of introducing this just and beneficial reform. By that time the Labour Party might well be out of office again and be spared the necessity of offending those who appropriate the community-created value of the land.

Plumbing the very depths of reaction and involving a number of measures at once harsh to the farming community, the taxpayer and the consumer, yet particularly grateful to the landed interests, is the Labour Party's ten year "Plan" for agriculture. Its adoption would wreck incalculable damage to the nation's economy and would lead Britain by the halter to the threshold of the completely authoritarian State.

The clamant group which has been demanding outright nationalization of all rented agricultural land has achieved only limited acceptance of its views. A compromise has been reached whereby Labour would nationalize farm land by stealth and in easy stages. The land, the free gift of God or nature to all the people of every generation to use and hold in trust for those who follow them, would be bought piecemeal at breakneck monopoly prices from the present owners with money wrested from all who in any way render useful service to the community. Landlords not bought out would be endowed by a host of schemes which, whatever their intended purpose, would without exception inflate privately appropriated land values. It is the most outrageously reactionary, vicious and unjust proposal in the whole catalogue of Labour's aims.

What "Nationalization" Involves

Two categories of land would be purchased: derelict, marginal land which no one in his right mind would consider cultivating, and "some good land" which in a free economy would be most intensively farmed. The fact that good land is not so used to-day is a striking illustration of the futility and cost of interfering with natural economic adjustments: landlordism, protection, subsidies, de-rating, the lower rate of death duties charged on agricultural hereditaments, the invitation to "city farmers" to offset expenditure on their week-end farms against their business profits and thus reduce their tax liabilities all make profitable what under a free economy would be the most expensive folly. Instead of drawing attention to these factors, Labour's policy-makers recommend adoption of the Planner's time-hallowed approach to social and economic maladjustments—see an evil, pass a law and, when, as always happens, that results in further evil, pass another law, and another! These farmland purchase proposals are thus referred to on page 16 of *Challenge to Britain*: "There is even now much marginal and derelict land. It could be brought into cultivation by bold and imaginative schemes of reclamation and development in particular areas. Such reclamation schemes will be operated as public enterprises with farmers as tenants. Among the areas to which this policy could apply are the Scottish Highlands, parts of rural Wales, the Somerset plain and Exmoor. Some good land, too, is not producing as much as it should. A Labour Government will use more vigorously existing powers—and where required, extended powers—to take farm land into public ownership wherever this is necessary to ensure its full use and maximum output. *Adequate financial provisions will be made for the purchase of such land.*" [Our italics—Ed. L. & L.].

Reduction to Iniquity

We do not deny that food *could* be grown in these barren and remote areas. It can be grown almost anywhere—even in window boxes—but it is grossly uneconomic and inefficient, the amount of labour and capital required being out of all proportion to the value of the food produced. One has but to picture Hilary and Tensing sowing the summit of Ben Nevis with winter wheat—a truly "bold and imaginative scheme"—while the Navy stands guard

over our ports, "protecting" us from imports of cheap food, to grasp the folly of this suggestion. But it is to the land purchase proposals that the strongest exception must be taken.

How many acres would be likely to be affected? What would be the approximate cost of the scheme? How would the value of such land be determined? Would the cost be met out of current taxation—and if so which taxes would be increased?—or by inflationary methods? Or would it be added to the national debt? These and similar questions which flood into the reader's mind are blandly ignored. Evidently the "Challengers" do not think them important. Their silence is significant. *We challenge them* to answer.

Rent-boosting measures listed include cheap credit facilities, guaranteed prices, assured markets, extra capital for buildings, drainage and water supply schemes. All would result in higher taxes, dearer food, richer landowners. Only those farmers who are also landowners and tenant farmers on long leases would benefit. Entry into the industry would become even more difficult and expensive than Labour's 1947 Agriculture Act has already made it.

"Eviction Encourages Efficient Farming"

Farmers would pay dearly for what is ironically described as "security." "The community has a right to expect that each farmer will pull his weight in the drive for higher output," remarks *Challenge to Britain*. They would be chivvied and chased from pillar to post by County Agricultural Committees, which would be strengthened and encouraged to use their existing powers more fully.

For each district a standard output per acre based on the production of farms within the district would be determined. A farmer who failed to achieve the "norm" demanded would be subject to supervision and inspection. If, after a given period during which he would receive help from the Agricultural Advisory Service, he failed to improve substantially, "the farmer may lose his farm—but only after he has exercised his right of appeal to the Land Tribunal." And then these dollar-crazed protectionists who talk blithely from time to time of moral and spiritual ideals, freedom and justice, utter the final insult. The possibility of being torn from his home and the land he has farmed all his life—and perhaps his family for generations before him—it is suggested, is in the farmer's own interest. "Labour believes such a system will help the County Committees, and the farmer, to do their jobs more efficiently." Thus might a slave holder have concluded a dissertation on the value of the whip: it helped the foreman and the slave do their jobs more efficiently in the interests of greater production!

Farming in a Free Society

Compare this rural conscription with the conditions that would obtain within a free economy. Relieved of all taxes on production, liberated from vexatious interference and in competition with the oversea producer, the individual farmer guided by the demand of the consumer in the market place would be free to exercise his judgment as to the type and quality of food for which his land is best suited. His dealings with the State would be confined to the annual payment of the full unimproved value of the portion of the national heritage that he held. Absolute security for himself and his successors would be ensured subject only to this regular annual payment. In such circum-

stances who can envisage the holder of *good* land—allowed to retain the full value of his labour—producing less than the maximum his land would yield? Where is the man who would break his back or dissipate his earnings farming on bleak Exmoor or half way up a Scottish mountain?

Challenge to Britain should be read by all thoughtful men and women. Those who cherish the concept of equal freedom for all based on the indispensable conditions of land value taxation, full free trade and a sound, convertible currency will gain from it a new strength and determination to advance these noble aims. Those who qualify their support for freedom will surely re-examine and reject those qualifications. And is it too much to hope that those others who have accepted the sedulous "freedom to starve" propaganda (which fraudulently pretends that landlordism and monopoly capitalism are synonymous with economic freedom) will awaken to the deception in time?

We hope that the Margate Conference next month will reject this authoritarian programme and instruct the Executive to draw up a new one worthy of the Party and of the nation.

P. R. S.

TO HIM THAT HATH

By H. E. Salisbury, Pittsburg, Kansas

All tax acts of government may be classified as progressive or recessive. They either tend toward an equal distribution of benefits and burdens, or they favour the upper income groups. Truly the land-value tax proposal is a progressive tax. It is just, in that it favours all equally. Taxes on production are regressive in nature, and are therefore unjust. They are class legislation.

It is a commonly held and wide-spread conception here in the United States that incomes in the higher brackets are more heavily taxed than those in the lower income groups. Actually the very reverse is true. The tendency of our tax burdens is regressive, and that tendency during the past thirty years has been accelerated. Congress entertains and passes new tax legislation which is disproportionate between the lower and higher income groups. Exemptions for the lower income classes are constantly lowered and the tax rates raised, while poorly-written and unjust laws allow the rich to escape. Some of these gates are being closed, but the scheming and conniving continues at a merry rate.

Our present laws are "slanted" in favour of the "haves." Fixed percentages of profits are made more secure by passing on a large portion of excise and sales taxes to the consumer, thus weakening his purchasing power and it has been found impossible to get a law through our Congress that will touch this practice. It is universally admitted that sales and excise taxes are weighted against the thousand dollar and less income groups.

Here it is a common cost accounting practice to include the various tax burdens before the profit percentage is computed, thereby taking a profit on taxes. This militates heavily against the consumption of our production. What to do? Steps must be taken to establish a free market. To do this we should lower and finally remove all tariffs and other production taxes, both hidden and direct, that discourage trade between the nations and hamper and shackle internal markets everywhere. An ample land-value tax must be enacted that will provide for the collection of the economic rent of land, the social earning of the community.

Regardless of the needs of government, production should never be touched until this social earning is taken.

The present terrible times that seem to defy solution have given us pause. Our economists are looking for parallels in the records of the past. We are beginning to realise that if we fail in finding the basic answer, our civilization faces disintegration. For us, the historic past holds the full story of the problem and its solution.

When we read—

“Let men be on their guard against men who flatter and mislead the multitude. Of the tyrant, spies and informers are the principal instruments. War is his favourite occupation, for the sake of engrossing the attention of the people, and making himself necessary to them as their leader. An unbridled democracy is exactly similar to a tyranny. It is always anxious to lord it like a sovereign; it therefore has its flatterers in the shape of demagogues. Ancient customs must be done away with; ancient ties, civil and sacred, must be broken; everything must be changed according to new and false theories; and the result is an assimilation of democratic to tyrannical government, in its habits and modes of action.”

—we wonder who the author may have been. We suspect, perhaps it was Biddle, or Roosevelt, or Wallace, or could it have been Dewey, or Byrd, or Bricker, or someone defending our form of government?

When we are told that the author was Aristotle and it was written in 384 B.C., we are astounded. Thus we learn our problems are not new. We are beginning to realise their seriousness and it has caused us to stop and to look and shortly we shall listen. When we listen we shall learn the simplicity of the solution. And it will have to do with the establishment of justice.

LAND TENURE IN TONGA

The Coronation visit to Britain paid by Queen Salote of Tonga caused considerable interest in her little-known South Sea island Kingdom.

The social and economic conditions which once prevailed in Tonga—and, we hope, still obtain to-day—are incidentally described in the informative and delightful travel book *Two Young Men See the World*, published in 1934 by Geo. Allen & Unwin. Consisting of letters written by the authors, Stanley Unwin and Severn Storr during a journey they made in 1912 to various parts of Africa, Australia and Asia, the book affords an intimate picture of their experiences and of the many places visited. Social conditions were investigated and are recorded in a genial fashion with no attempt to preach or dogmatise, or make propaganda. So we are made familiar with the happy people of the Friendly Islands and the all-satisfying cause of their contentment, indicating how the civilized nations of Europe would be blest a thousand-fold if their peoples, with their vastly greater powers of production, stood in relation to one another as land animals, as do these people of the South Seas; each established with his right to the use of land, each enjoying that “freedom from want” which prevails and can only prevail in the absence of the institution that makes private property of the rent of land:—

“Perhaps the most interesting and instructive thing about Tonga is its land system. No land can be bought, nor can land be sold. Not a single acre in any of the principal islands is alienated. Europeans or outsiders requiring land for any purpose can lease it, but that is all. A lease, in most cases, is for fifty years, but in the

neighbourhood of any town or village it is for twenty-one years only. The land is the people's and they have a very effective way of dealing with it. Nominally it is divided out amongst the King or Queen and the big chiefs, but every youth on becoming a taxpayer (*i.e.*, on payment of the £2 poll-tax, to which every male over sixteen years of age is liable) is entitled to a plot of land from his chief, sufficient to support himself and family. The amount to which he is actually entitled is about $8\frac{1}{4}$ acres, but owing to a lack of proper surveys it has often exceeded this quantity. It has been found that $8\frac{1}{4}$ acres is sufficient to keep a Tongan family in comfort, and if the holder cares to prepare copra (dried coco-nut) he can make a very pleasant cash income besides. Over and beyond this $8\frac{1}{4}$ acres, every taxpayer is entitled to a small plot of land in his village on which to build his *abi* or native hut. Only the surplus lands, above what is required for the foregoing purposes, may be leased by the chiefs, or even the Queen, to outsiders; but there is a slight tendency already creeping in for chiefs to consider their rent roll more than the needs of their vassals. Any abuses of this sort are dealt with by the Minister of Lands, whose duty it is to see that all tax-payers receive the plot of land which is due to them on arriving at the age of sixteen. The chiefs were entitled at the time of our visit to a nominal yearly payment of about 4s. from each of those to whom they allot land, but this is seldom inflicted; its equivalent is, however, often paid in a different way. If, for instance, a chief is going through a district he sends word beforehand and preparations are made for his entertainment (Page 366).

“As we rose to go the most important natives present came and shook hands with us in a most friendly and natural way. Everyone is independent in Tonga, and there is a dignity about the bearing of the people which independence brings (Page 370).

“They had whiled away most of the night in song; in fact, the Tongan is always singing, and well he may, for, as far as we could see, his lot is a particularly happy one (Page 375).

“As our mounted escort led us along the track to the coastal scene of rock and cliff and waving palms, he carried on a long conversation with us. ‘Is it a fact,’ he asked, ‘that there are people in England who have no food nor clothes? How can this be? Is not England a great and wealthy country?’

“To the Tongan mind such a state of affairs is incredible, and such questions are not easy to answer except to point out that in olden times the land of England was held much as the land of Tonga is to-day, but that the kings and chiefs at home have abused their power and kept the land for themselves instead of holding it in trust for the people to use. It made us feel what a lot we have to learn from Tonga.” (Page 385).

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A NEW AND CONDENSED EDITION OF Henry George's *Progress and Poverty*

Published for the Henry George Foundation of Great Britain by The Hogarth Press, Ltd., London.
Authorized by the Trustees of the Foundation. Preface by A. W. Madsen, B.Sc. (Edin.).
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PREFACE

HENRY GEORGE'S *Progress and Poverty* has long been recognized as one of the greatest contributions to the study of economic and social problems. Written in 1879, published in repeated editions and translated into fifteen languages, it has attained a circulation that is counted in millions of copies. It has had a profound influence on the thought of mankind. Its argument is as apposite to-day as it ever has been and its principles are of universal application.

The present edition is a condensation produced to serve the needs of the student and the general reader who, because his leisure is limited, is glad to have the substance of such a work in concise yet comprehensive form.

The original volume of *Progress and Poverty* was arranged in ten divisions or "books" consisting of forty-five chapters. In this condensation that structure has been departed from, the number of chapters being reduced and following on one another without sectional grouping. Abridgment has occasioned not only certain minor changes in the order of contents but also the provision of new chapter-heads. Editing has also included the insertion of guiding cross-heads throughout the pages; there have been slight alterations in punctuation and here and there in phraseology, in accordance with modern usage; and those illustrations and references that were of purely local or contemporary nature when Henry George wrote have been eliminated where they could not permissibly be remodelled.

This condensation has naturally involved long deliberation and the exercise of careful judgment. Those to whom it was entrusted have been most concerned that the result should be to make the fundamental principles stand out all the more clearly. Inevitably considerable parts of the original volume have had to be omitted, and undoubtedly those who are familiar with it will miss some of their favourite passages. But if their indulgence is accorded and if this edition finds acceptance by readers both new and old, there will be ample reward for the task that has been undertaken.

As the editor chiefly responsible, I wish gratefully to acknowledge my indebtedness for the advice and assistance of my colleagues and co-editors, V. H. Blundell and P. R. Stubbings, who have collaborated at every stage in the production of this book.

A. W. Madsen.

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This Edition is published in response to a wide-spread demand for Henry George's great classic in shorter compass. Order from your bookseller "The new and condensed edition of Henry George's *Progress and Poverty*, published by Hogarth's of London"—price 7s. 6d. Or, sending 7s. 10d., obtain it by post from "Land & Liberty" offices, 4, Great Smith Street, London, S.W.1.

AN ANALYSIS OF FREEDOM

President Eisenhower, at Williamsburg, on May 15th, emphasised the duty of modern educators to teach the value of the "founding documents" of the American Constitution. The Virginia Resolution of Independence, proclaimed at Williamsburg exactly 177 years before, was an unequivocal demand for equal rights to life, liberty and "the means of acquiring property." He said: "The true way to uproot Communism, is to understand what freedom means."

In his recent book, *Freedom—A New Analysis**, Maurice Cranston considers this question in detail. As Mr. Cranston has university qualifications and lectures on the B.B.C. his views should reflect what intellectual authority has to offer as a solution for a grave weakness in democratic social philosophy. Bertrand de Jouvenel in the *Manchester Guardian*, May 19, acclaims the present work as a prelude to "a great book which Mr. Cranston obviously can write and presumably will write."

To most people, including compilers of popular dictionaries, freedom is not an abstruse conception. It is simply the absence of constraint. Remove a weight from a spring and it expands; open the door of a cage and the bird flies away; repeal laws which restrict production and exchange; and men produce and exchange goods in accordance with their powers of intelligence and industry. Freedom is the original or natural condition; when restriction is applied, freedom ceases. However Rousseau may have erred in his deductions he affirmed a literal fact when he said, "Man is born free." This is evidently the point at which we must begin investigating the subject of freedom so far as it concerns human beings. We must consider the natural environment into which all men are born and the natural resources to which they must apply their powers of mind and body if they are to sustain life and rise to the opportunities life offers. If men have not freedom in these essentials, freedom in secondary spheres cannot be real.

Mr. Cranston introduces his analysis with the quotation, "The purpose of philosophy is clarification," but this does not lead him to begin by examining the meaning of freedom as generally understood. His first concern is with "our habit of saying we are free when we are without something we are glad to be without" which "prompts us to agree with workers who tell us freedom is good." "This," he says, "is misleading, for there is no *one* freedom, but many freedoms, and they are as various as are constraints, impediments and burdens." This line of approach does not clarify the subject. Such words as peace and war, still and moving, dead and alive, all describe mutually excluding conditions. It is never contended that there are different kinds of "peaces," or "stillnesses" because there are different kinds of war and movement.

In the first section of the book entitled "The Meaning of Freedom" the author does not build up evidence to establish a true conception of the essential meaning of the word. Instead he discusses the various ways in which it has been used, such as its "emotive meaning," its qualities as a "bro-word" and a "hurrah-word," its "stipulative" "rational" and "compulsory rational" definitions and its "participations in the revealment of what-is-as-such." After 62 pages of dissertation the reader is left without any conception of the author's own conclusions, unless it is that freedom means nothing. "The word 'free' has no

uniquely descriptive meaning," he says. If a word does not describe anything at all, or if its purpose has been exactly forestalled by another word, then an author's time can be better employed than by writing books about it.

The second section, devoted to the "Ambiguities of Liberalism," consists of four chapters illustrating the uses of that word in England, France, Germany and America, respectively. Some useful information is given to show how hopelessly misleading it has now become to use the term "liberal" in either national or international discussions. But Mr. Cranston gives us no indication how the word *should* be used. From the facts he gives it is evident that one important source of confusion has been the failure of Liberals to distinguish between the sphere of personal rights or natural opportunities on the one hand and the domain of political power on the other; between the question of the right to one's self and the question of power over others. It is with the former only that freedom or liberty is directly concerned. Mr. Cranston does not point out this prime source of error and he never systematically examines the question of freedom in relation to natural opportunity, although he chooses to describe as a "Romantic" notion any concern with that aspect of the subject.

"The Romantic," says Mr. Cranston, "looks backward. If there is servitude to nature, where there are no advanced political institutions, such servitude," he argues, "is at least natural." On the other hand, the "Progressive" demands "freedom from the constraints of nature" which "has been achieved, where it has been achieved, in exchange for the constraints of advanced political institutions—policemen, compulsory education and the Welfare State." This conflict between the "Progressive" and "Romantic" conceptions of freedom does not disturb Mr. Cranston; it is merely a failure in each case to specify "freedom from what."

If freedom means absence of constraint, to talk of "servitude to nature" or "freedom from the constraints of nature" is as absurd as talking of "servitude to freedom" or "freedom from the constraints of freedom." Each man is born with certain natural powers. These powers are limited, but in the original or natural condition they cannot be restricted. If a man's natural powers enable him to lift a certain weight and no more, then he cannot be *restricted* from lifting more; it is impossible to restrict what does not exist. An author who talks of "servitude to nature" without pointing out the fallacies involved forfeits his claims to clarify the subject of freedom.

The purpose of words is to communicate ideas and feelings between one person and another. If words never had the same meaning to one person as to another, no human intercourse would be possible. The stupendous progress of physical science has grown from a common understanding of clearly defined words; the stagnation, if not retrogression of social science has been accompanied by a tendency towards clumsy and ambiguous use of words. To suggest, as Mr. Cranston's book suggests, that men may be left to put whatever construction they like on the meaning of freedom, serves no purpose except to lead social controversy into barren fields.

In the days of Rousseau the people as a whole had unbounded faith in freedom which they thought would bring them property. But what has been called freedom has not brought the diffusion of property and the independ-

* Published by Longmans. 12s. 6d. net.

ence men expected. The relation of freedom to property is probably the most urgent aspect to-day, but Mr. Cranston does not examine it. He mentions Locke's doctrine of the duty of governments to ensure security of "life, liberty and property," but this is only quoted as an example of "the doctrine of the minimal state." The doctrine is labelled, not analysed.

The relation of freedom to property can be understood only by considering the essential conditions of human life: that all property is produced by labour applied to natural substances and forces. This is neither "backward" nor "progressive" nor "romantic"—it is simply looking at conditions as they exist to-day universally. It is obvious

that a society which fails to ensure equal freedom to occupy space on the earth's surface and to make use of its resources, fails to apply the principle of freedom where it is most essential. Under our laws, land has through successive stages become absolute private property, while at the same time, by growth of population and the arts of production, the value of land has increased in proportion. The effects upon the distribution of all property of this private property in land values is obvious. Any social philosopher who fails to point out this essential defect in our so-called free society fails in his duty as defined by President Eisenhower.

F. D. P.

OPPONENTS OF PURCHASE TAX VOTE FOR ITS CONTINUANCE

In his Budget speech, Mr. Butler—Chancellor of the Exchequer who regards "all taxes as bad"—proposed that Purchase Tax should be reimposed for the next twelve months at three-quarters the rates levied last year. Henceforth purchasers of taxable goods would be subject to a levy of 25, 50 or 75 per cent.

During the Committee stage of the Finance Bill the Opposition tabled amendments designed to reduce the two lower categories to 16½ and 45 per cent respectively. The amendments, taken together and moved by Mr. ANTHONY GREENWOOD, were considered June 10.

Members from both sides of the Committee condemned the tax, graphically describing its evil effects and manifold absurdities and injustices. Nobody had a good word to say for it. After four hours debate the Committee divided, Members trooping loyally into the lobbies to vote on party lines in favour of imposing the tax they all decried at either 25 and 50 per cent or at 16½ and 45 per cent.

The amendments were defeated, 267 to 249, and Members resumed their seats and their protestations against taxing purchases during the ensuing consideration of an amendment to reduce the 75 per cent tax to 66½ per cent, moved by Sir EDWARD BOYLE, Conservative Member for Birmingham, Handsworth.

We quote the following from the speeches made during the debate on the first two amendments drawing attention particularly to the significant contribution made by the Liberal Member for Orkney and Shetland, MR. GRIMOND. So long as it is accepted that Government has a duty merely to ameliorate poverty—leaving undisturbed the entrenched privilege which causes this unnatural and fear-some condition—by providing people with services which they could and should provide for themselves, legislators will continue to levy purchase and other taxes more or less equally vexatious and harmful.

Moving the Opposition amendment, Mr. ANTHONY GREENWOOD (Lab., Rossendale) said: "We are making some slight progress in dollar markets, but there a factor of uncertainty has been introduced by the United States tariff policy and also by the fact that Purchase Tax militates against the production of better-class cloth. The position at home is a precarious one and in the overseas markets we have to depend increasingly upon the better quality cloths and garments which we produce, and it is there that Purchase Tax is having a thoroughly unhealthy effect.

"It is too often assumed that the main argument against Purchase Tax is that it discourages the public from buying. Much more serious is the effect upon the retailers, upon whom the even flow of trade largely depends. Retailers are unwilling to lay in stocks of goods upon which they will have to pay heavy taxes, because they know that if there is a substantial reduction in taxation they are left with a serious loss upon their hands. They

tend to place their orders upon a hand-to-mouth basis. In their turn manufacturers are reluctant to develop new lines of cloth or new designs of garments. Unfortunately, this uncertainty continues throughout the year because, of course, the Chancellor at any time of the year can vary Purchase Tax by an order laid before the House."

"No one dislikes the Purchase Tax more than I do. I think it is easily the worst of all taxes, and its influence upon trade, design and quality is damaging to every industry it effects.—MR. WILLIAM SHEPHERD (Cons., Cheadle).

"There are only two justifications for indirect taxation. One is that it has a sumptuary purpose and is meant to check consumption; the other is that it is convenient politically for the Chancellor to raise revenue without the people noticing at the time that he is raising revenue.

"A man who smokes five ounces of tobacco a week pays 20s., and of that probably 16s. is tax. He is not very keenly aware of that when making his purchases, but if an extra 16s. were deducted from his pay packet at the end of the week for additional Income Tax he would be very much aware of it and would be deeply resentful.

"Neither of these two reasons for indirect taxation can possibly apply to taxation upon school requisites. We do not want to discourage the consumption of school requisites. Nevertheless, something like 60 articles that are required in school are subject to Purchase Tax at the new rate of 25 per cent. They include copy books, exercise books, writing books of all kinds, needle-work material, pictures and diagrams, and even the harmless but necessary chalk. It is estimated that last year something like £1 million was paid by local authorities in Purchase Tax on school requisites, of which from 60 to 70 per cent is returned in the form of grant from the Treasury to the local authorities. The Treasury takes with the one hand and gives back with the other hand, and this does not seem to be a very clever method of raising revenue."—MR. RALPH MORLEY (Lab., Itchen).

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"I am sure everyone would agree that ladies find their handbags indispensable, yet they have to pay 50 per cent Purchase Tax on them. Unless we have a paper bag conception of how people

should carry things we should press for the removal or reduction of the (50 per cent) tax upon attaché cases.

"If the Treasury itself had to keep the records now kept by the wholesalers and the retail trade there would be a hue and cry for economy in the administration of the service, but so long as we can make the trader do the work that absolves the Treasury of the responsibility and the tax yields a handsome sum."—MR. W. COLDRICK (Lab., Bristol N.E.).

"I reiterate my unqualified hostility to Purchase Tax as a tax."—MR. F. A. BURDEN (Cons., Gillingham).

"In the textile trade, the home market has to support the export side of the business. Patterns have to be tried out on the home market to see whether the British public like them or not. If they do we know we have good export quality fabric. One cannot do that when one has this pernicious tax.

"Hon. Gentlemen opposite should be asked to read the speech made during the war by the Leader of the Opposition (Mr. C. R. Attlee) when the Purchase Tax was introduced. He said quite clearly that he hoped it would not last a day longer than the duration of the war, but he used it for six years afterwards. That is the old story. Once a tax is introduced it is most difficult to get rid of it.

"When there is a tax of 6s. a yard and it takes six or seven yards to make a lady's dress, it puts £2 on quite a cheap dress before the wholesaler and retailer add their costs. It is obvious that the public cannot afford these prices."—AIR COMMODORE A. V. HARVEY (Cons., Macclesfield).

"Purchase Tax is the most stupid and vicious tax ever levied in this country. It puts us back into the position that 'The gentlemen in Whitehall know best what is good for us.'

"The result of Purchase Tax on industry in this country is disastrous at each Christmas time and in the months up to the Budget, because everybody is speculating on whether there will be any alteration, and the tendency is for business to dry up. I hope it will be possible this year, or perhaps next year, to eliminate Purchase Tax altogether and to substitute, if some substitute is necessary, perhaps a general sales tax of a very modest extent, such as is exercised in some other countries without any real difficulty. We really must get away from this penal impost of 25, 50 and 75 per cent tax on all these various commodities."—SQUADRON LEADER A. E. COOPER (Cons., Ilford S.).

"There is no doubt at all that this is a highly unpopular tax, because in all essentials it is a bad tax. What makes it so bad is that in its origin it was never intended to be a tax for revenue at all.

"Lancashire has never had anything to fear from the competition of anybody in the high-class goods which it makes. It has had nothing to fear from America, or Germany, or Japan, or anybody else. But now, whereas before Purchase Tax and the D scheme, more than 50 per cent of Lancashire's production was in luxury or high-class goods, it is now reduced to 15 per cent.

"We have been pushed back from that kind of production in which we are supreme in the world, and in which we find it easiest to meet and overcome the competition of other producers into that part of production, in which we find successful competition the most difficult."—MR. S. S. SILVERMAN (Lab., Nelson and Colne).

"Detailed articles can be selected on which tax is to be placed, categorising them as luxuries, semi-luxuries, amenities and half-amenities. A whole wide range of articles in the shop can be taxed, and by this process we reach an equation in social justice which makes for perfect economic planning. That is an attractive theory, but it is not so good in practice.

"There are, on the other hand, strong practical objections to the Purchase Tax. There are the well-known difficulties of administration; the anomalies that arise between one kind of article and another; the constant difficulties in preventing evasion; the difficulties experienced by traders; the problem of taxed stocks; the difficulties created for traders because they are unpaid tax collectors in this matter of Purchase Tax; the difficulties of manufacturers who find the flow of orders in many trades varies very much at the beginning of the year before the Budget; and the effects of Purchase Tax on the cost of living, all of which

amount to the fact that this intrinsically is an unsatisfactory tax, and it is for that reason a very unpopular tax."—MR. R. MAUDLING (Economic Secretary to the Treasury).

Soap is still taxed. Does the Economic Secretary really regard soap as not being a household necessity? Cutlery is taxed—spoons, forks and knives, all those essential household articles. Razor blades are subject to tax. Would the Economic Secretary not agree that they are a household necessity in a modern community? Is linoleum, or hardware and other things of that kind? Christmas stockings are subject to tax at present. Christmas trees of not more than four inches in height are subject to tax, though apparently if they are more than four inches in height they are exempt."—MR. D. JAY (Lab., Battersea).

HOUSING CONFERENCE IN GENEVA

The International Council for Building Research, Studies and Documentation held its First General Assembly in the Palais des Nations, Geneva, from 25 to 30 June, 1953. The Assembly was convened formally at the request of the Preparatory Committee by the Executive Secretary of the United Nations Economic Commission for Europe. Ninety-two delegates, experts and observers were present, representing governments and national organisations of 17 countries, 6 international inter-governmental organisations and 14 international non-governmental organisations. Among the last-named was the International Union for Land Value Taxation and Free Trade, represented by Mr. Pavlos Giannelias (a vice-president of the Union) who was thus able to attend in an official capacity. Mr. Giannelias made a valuable contribution to the deliberations in a special paper dealing with the land question and taxation in relation to housing, a paper standing out markedly from all others, which succeeded in dealing with housing as if such questions as the cost of land and the burden of taxation were not of any relevance. Mr. Giannelias made the most of the "Danish example" by what has been done in that country to promote housing by easing the taxation falling on the structure and correspondingly obtaining public revenue by taxation levied on the value of the land alone; and by contrast he showed how in other countries taxation placed serious and formidable burdens on the homes of the people. Mr. Giannelias's part at the Conference did not end with the presentation of his paper; in private conversations with many of the delegates, he was able to press the arguments he had put forward.

SELECTED LITERATURE

- The Way Out of the Dollar Gap.** By Sven Rydenfelt. 6d.
- The Operation of Land Value Taxation in Various Countries.** By A. W. Madsen. 6d.
- Land Value Taxation in Great Britain.** Parliamentary Survey covering the years 1906 to 1951. By A. W. Madsen. 6d.
- Land Valuation in Denmark.** By K. J. Kristensen. 6d.
- Monetary Reform or Revolution.** By J. E. Holloway. 6d.
- International Trade—(Without Statistics!).** By Ashley Mitchell. 6d.
- The Great American Tax Shift.** By N. D. Alper. 6d.
- Protection or Free Trade.** By Henry George. "The most popular and most scientific exposition of the subject that has ever been written"—Lord Snowden. Abridged edition, 1s. 6d. in stiff covers; 2s. 6d. cloth bound. Complete library edition 8s.
- Karl Marx's Theories of Surplus Value and Land Rent.** By F. C. R. Douglas, M.A. 6d.
- My Neighbour's Landmark.** By Frederick Verinder. His classic "Short Studies in Bible Land Laws." Memorial Edition. 3s. 6d.
- Land Value Rating.** Theory and practice; a handbook for all interested in municipal finance and the rating question. By F. C. R. Douglas, M.A. 2s. 6d.

LAND & LIBERTY," 4 GREAT SMITH ST., LONDON, S.W.1.

HOUSE OF LORDS DEBATE ON LOCAL TAXATION

In the second reading debate, July 14, on what is called the Valuation for Rating Bill—the measure to amend the provisions for assessing dwelling houses for local taxation—LORD DOUGLAS OF BARLOCH took part and said: “This Bill is only one of a number which have been brought forward from time to time to try to improve the system of valuation in England and Wales. Every one of them has resulted only in making it more complicated and more difficult to operate, and has produced an ever-increasing dissatisfaction. At the beginning of this century the method of valuation in this country, as established by law, had obtained a certain degree of simplicity, at any rate. The only question which required to be answered was this: what would this particular house or shop, or whatever it may be, be worth by way of rent if it was let at the present moment upon a yearly tenancy, upon the conditions that the tenant paid the rates and that the landlord undertook to do the repairs and effect the insurance? That was the one simple question which had to be answered in order to make a valuation for rating purposes in this country fifty years ago.

“In 1896 there was a Royal Commission upon the question of local taxation, presided over by Lord Balfour of Burleigh. The Commission made a number of very voluminous Reports. Among other things they pointed out that there were many parishes in England and Wales, which had not been revalued for twenty, thirty or forty years, with the result that the level of assessments was quite chaotic and this simple question had not been answered. Then came the First World War which, in practice, made the matter still more complicated, because of two things: rent restriction and inflation of money values, which resulted in the old valuations automatically becoming completely out of date. That problem had not been solved by the time the Second World War broke out. It should have been but it was not, and in the meantime a number of other complications had been introduced. De-rating had been evolved at the instance of the present Prime Minister. This is now universally discredited—nobody believes that it does what it was supposed to do, and in fact it results in a new series of inequalities in the burden as between one rate-payer and another.

“Now we come to this Bill. The task of the valuer now is going to be a great deal more complicated. He has not got to answer the question: What would this house be worth by way of rent if it were let at the present day? But he has to answer the question: What would it have been worth if it had been let in 1939? As time goes by, and those who are familiar with the conditions in 1939 are not so numerous as they were, I do not know what kind of evidence is going to be brought forward when these questions are debated before the tribunals to which the rate-payer can appeal. It cannot at any rate be the valuation which was already in existence in 1939, because many of those valuations were extremely inaccurate. It was discovered as a result of samples which were taken that in many cases they were 20, 30 or 40 per cent away from the true value; so the valuation then existing cannot be a standard by which the rate-payer can discover whether the valuation proposed now is or is not a fair one.

“Then we have got all the houses which have come into existence since 1939.

“They have got to be valued upon the assumption that they existed in 1939, with all the surroundings and conditions which they possess at the present day. By way of

example, let us take some of the great new housing estates which the London County Council have built in the vicinity of London, in places where there were, possibly, no houses at all in 1939, or perhaps only a few cottages. How is the valuer to ascertain what rent somebody would have paid for one of those houses if, in fact, they had existed in 1939 with all the surroundings that there are at the present day? And how is the unfortunate rate-payer to inform himself whether the estimate which the valuer has made is correct or not? It will be a very difficult operation indeed, and is not likely to produce a great deal of satisfaction.

“Then let us go on a stage further. There are numbers of other hypotheses which have to be met in relation to some or all of these valuations. Let us look at Clause 2 (5) of this Bill. Here, the valuer is asked, when he is ascertaining what the rental value of the dwelling-house is, to have regard to whether the Rent and Mortgage Interest Restrictions Acts had produced an effect upon the rentals of property in the neighbourhood; and he is also asked to consider whether there was a market scarcity or an abundance of dwelling accommodation or of any particular kind of dwelling accommodation. I do not know how that question will be answered. I do not know what evidence is going to be produced with regard to it—how the rate-payer can check the accuracy of the opinions which the valuers formed about it. Let us look at the last few words of this particular sub-section. The valuer has to assume that

‘all the accommodation in the locality of a kind comparable . . . had been due shortly to become available for letting free from any restrictions . . .

—and not only that—

‘and without any marked deficiency or excess in the amount of such accommodation as compared with the number of persons acceptable as tenants of such accommodation and genuinely competing for tenancies thereof.’

“How many various hypotheses have been introduced in this remarkable phrase? Look at the last few words: ‘a marked deficiency or excess in the amount of such accommodation as compared with the number of persons acceptable as tenants . . . and genuinely competing for tenancies.’

“But the number of people who compete for tenancies depends upon the rent at which the tenancies are being offered. The valuer is obliged to reason in a circle. This does not provide a solution of the problem, it only makes the problem far more intricate than ever it was before. I defy anybody to conduct a rational valuation by means of that formula.

“The noble Lord who introduced this measure to-day said that the rate-payer would be able to compare his assessment with the assessment of his neighbours, and if he found that he had been over-assessed in comparison with them he would be able to obtain redress. That is not what I understand the law of rating in England and Wales to be. I believe it has been held by the courts on many occasions that it is not a ground for objection to a valuation to say that X or Y in adjoining premises has been assessed at lower values. I do not believe that that has ever been the law in this country. If it is the intention of the Government to make it so, I think it might be a very worthwhile reform, and very helpful indeed to the rate-payer, because he would then have at any rate some objective standard with which he could compare the assessment placed upon his particular house. And it might conceivably save a number of anomalies from arising. But I am afraid that is not the law at the present time. Nor do I

find anything in this Bill which proposes to make it so.

"A good deal has been said this afternoon about the Rent Restrictions Acts, upon the assumption, I think, that the rents fixed by the Rent Restrictions Acts had to be taken into account in making valuations for rating purposes. That again is not the law in this country, as I understand it. I believe it has been held by the courts that the fact of rent restriction has got to be disregarded in making a valuation for rating, and the valuer is not to pay any attention to the controlled rent at which the property happens to be let. If that is so, it merely emphasises the point that the system of valuation for rating in this country had already broken down before the war began, and was not, in fact, being operated in accordance with the law at all. There are innumerable anomalies and inequalities, and this Bill is merely going to build up, on the basis of the anomalies and inequalities which existed in 1939, a fresh set of them to apply to every house which has come into existence since then. It is not a solution of the problem. I think it is merely going to postpone a solution.

"I said earlier that the system of valuation for rating in England and Wales, as it had been evolved up to half a century or so ago, possessed a certain logic. It asked quite a simple question, which it should have been possible to answer with a moderate degree of certainty. There were, of course, a number of difficult cases relating to things like schools, hospitals, gas works, and so on, which in the ordinary course of events, never are let by a landlord to a tenant. But so far as the majority of properties were concerned—those which were, in the ordinary course of commerce, let from time to time—it should not have been too difficult to answer the question. But even if it had been answered correctly, I do not think the result would have been equitable—and that for a very simple reason. The result of this system of rating, quite clearly, is that the better the use anyone makes of a particular piece of land, the better the building he erects upon it, the better he develops it, the more rates he has to pay. And that seems to me to be a very unfortunate result indeed.

"It is of some importance, I think, to remember that in a very large part of the English-speaking world which derived its institutions originally from this country, it has been decided over a considerable number of years to alter the system of rating. In New Zealand, in most of Australia, in the Western part of Canada, and in some cases—but not many—in the United States, it has been decided to base the local rates not upon the value of the buildings and structures, and other things which have been put on the land, but upon the value of the site alone. That system has been working now for fifty years, sixty years and seventy years, in some cases, with perfect satisfaction, with very considerable ease in valuation, and, administratively, with complete efficiency. This was a matter, too, which was considered as long ago as 1896 by the Royal Commission which then sat to inquire into these subjects, and the Chairman, Lord Balfour of Burleigh, and two or three of his colleagues, made a recommendation in this direction. Nothing, unfortunately, has yet been done about it, but it is a subject which deserves inquiry, and, I hope, will receive it, because we must recognise that this Bill at the best is only a stopgap which cannot possibly have any permanent benefit."

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OUR POLICY

LAND VALUE TAXATION AND FREE TRADE

LAND VALUE TAXATION is not taxation on land, but on the value of land. Thus it would not fall on all land, but only on valuable land, and on that not in proportion to the use made of it, but in proportion to its value. It would thus be a tax not on the use or improvement of land, but on the ownership of land, taking only what would otherwise go to the owner as owner, and not as user of the land.

In assessments under Land Value Taxation all value created by individual use or improvement would be excluded, and the only value taken into consideration would be the value attaching to the bare land by reason of neighbourhood, public improvements, etc. Thus the farmer would have no more taxes to pay than the speculator who held a similar piece of land idle, and the man who on a city site erected a valuable building would be taxed no more than the man who held a similar site vacant.

Land Value Taxation would call upon men to contribute to the public revenues not in proportion to what they produce or accumulate, but in proportion to the value of the natural opportunities they hold. It would compel them to pay just as much for holding land idle as for putting it to the fullest use.

Taking for public uses that value which attaches to land by reason of the growth and improvement of the community would make the holding of land unprofitable to the mere owner, and profitable only to the user. It would thus make it impossible for speculators and monopolists to hold natural opportunities—such as valuable land—unused or only part used, and would throw open to labour the illimitable field of employment which the earth offers to man.

FREE TRADE, in its true meaning, requires not merely the abolition of protection but the sweeping away of all tariffs—the abolition of all restrictions (save those imposed in the interests of public health or morals) on the bringing of things into a country or the carrying of things out of a country.

Further, the principle of free trade requires that we should not merely abolish all indirect taxes, but that we should abolish as well all direct taxes on things that are the produce of labour; that we should, in short, give full play to the natural stimulus to production—the possession and enjoyment of the things produced—by imposing no tax whatever upon the production, accumulation, or possession of wealth (*i.e.*, things produced by labour), leaving everyone free to make, exchange, give, spend or bequeath.

BY THESE MEANS the great cause of the present unequal distribution of wealth would be destroyed and that one-sided competition would cease by which men who possess nothing but power to labour are deprived of the benefits of advancing civilization, and wages are forced down to a minimum no matter what the increase of wealth. When men have equal rights to the use of land, the competition among employers to engage labour would be as keen as to-day's competition among men to get jobs, and this would carry wages up to what is truly their natural rate—the full value of the produce of labour—and keep them there.

ENGLISH FARM LAND PRICES

Elsewhere we challenge the authors of "CHALLENGE TO BRITAIN" to state the approximate cost of their land purchase proposals. This selection of prices obtained for rented and other farm land (excluding buildings but including in some cases standing crops, drainage and similar improvements) sold by auction during April and May this year affords some indication of the present state of the agricultural land market.

Examples are taken from recent issues of the "ESTATES GAZETTE." For the convenience of readers we have added the average price per acre realised in each case. Abbreviations: a=acre; F=freehold; P=possession; YR.=yearly rent.

	Purchase Price £	Price per acre £
CAMBRIDGESHIRE		
March—Smallholding, Chain Bridge, 6½ a., F. P.	2,500	385
—Arable Land, Knight's End Road, 21½ a., YR. £74 (in lots) ...	2,130	100
Gamlingay—Smallholding, Mill Hill, 2 a., F. P.	850	425
CUMBERLAND		
Great Salkeld—Arable Land, near Salkeld Dykes Crossroads, 18½ a., YR. £30 ...	800	43
—Pasture Land adjoining River Eden and Fishing Rights, 8½ a., YR. £23 ...	875	103
—Arable Land adjoining Eden Lacy Road, 3½ a., YR. £7 ...	225	64
—Pasture Land adjoining Hufar Plantation, 3½ a., YR. £5 ...	155	44
—Meadow Land adjoining River Eden, ½ a., YR. £1 15s. ...	54	108
DERBYSHIRE		
Biggin-by-Hartington—Grassland, Drury Lane, 14½ a., F. P. ...	1,300	88
—Grassland, Cheapside Lane, 3½ a., F. P.	210	56
Hartington Nether Quarter—Grassland, Woollaton Lane, 1 a., P. ...	150	150
Bonsall—Old Turf Land, Winstler Lane, 2 a., F. P. ...	280	140
—Old Turf Land, Moor Lane, 1½ a., F. P.	95	63
—Old Pasture Land, Bonsall Lane, 11½ a., F. P. ...	430	37
GLOUCESTERSHIRE		
Norton—Pasture and Orchard, Main Road, 3½ a., P. ...	370	114
—Meadow Land, Old Road, 2½ a., P. ...	290	129
Coombe Hill—Arable Land, 10½ a., F. P. ...	1,400	130
HEREFORDSHIRE		
Bodenham—Pasture Land, 11½ a., P. (in lots)	1,905	166
LEICESTERSHIRE		
South Wigston—Meadow Land, Crow Mills, 21½ a., F. P. ...	1,825	86
Nether Broughton—Pasture Land, 26½ a., F. P.	2,550	96
LINCOLNSHIRE		
Dry Doddington—Smallholding, 29½ a., F. P. ...	1,500	50
NORTHUMBERLAND		
West Woodburn—Yellow Bogs (Meadow and Grazing Land), 39½ a., F. YR. £35 ...	700	172
SHROPSHIRE		
Edgeley—Pasture Land, 17½ a., F. P. ...	1,800	103
Edgmond—Pasture, Arable and Orchard Land, 17½ a., F. P. (in lots) ...	1,265	72
—Arable Land, 7½ a., F. P. ...	505	69
—Arable Land, 6½ a., F., YR. £13 13s. 6d.	375	56
—Pasture and Arable Land, 18½ a., F. P.	1,880	102
SOMERSET		
Wembdon—The Paddock, Marsh Land, 16 a., ...	1,750	103
—Twenty-one Acres, Pasture Land, 21½ a., F., YR. £80 ...	2,050	95
Cannington—Benhams Marsh, Pasture Land, 18 a., F., YR. £60 ...	1,600	89
Billicombe—Arable Land, 7½ a., P. ...	1,700	220
North Curry—Currymore Drove, Meadow Land, 1½ a., F. P. ...	135	90
—Meadow Land, 2½ a., F. P. ...	390	173
STAFFORDSHIRE		
Calf Heath—Smallholding, Oak Lane, 4½ a., F. P.	1,050	233
Slindon—Pasture Land, Newcastle Road, 1½ a., P.	170	136
SUFFOLK		
Hadleigh—Arable Land, Castle Road, 1 a., F. P.	150	150

LAND VALUE RATING

"Equitable and Economic"

The case for rating site values was put with admirable clarity and terseness by Mr. J. S. Tapster, Notting Hill, W.11, in a letter to the *Estates Gazette* published May 16, from which we quote:

The Royal Commission set up to examine into the question of Rating of Site Values published their Report early in 1952 and the essence of their finding really was that owing to the levying of Development Charge under the Town and Country Planning Act, 1947, rating of site values was not possible. The Report implied that, but for Development Charge, raising rates to finance Local Government on a Site Value basis would be both possible and expedient. Having regard to the legislation repealing the Development Charge, there would appear to be no drawback to rating site values.

The rating of site values has been advocated for over fifty years and on more than one occasion has nearly been adopted. It would undoubtedly prove the most equitable and economic method of financing local authorities, and would give a more uniform basis of rateable value throughout the country compared with present theoretical and scientific methods of valuation. In addition it would not be a tax on the occupation of land nor would it hinder the development of land and the building of houses, both of which the present system does. It would not fall as heavily, as rates do now, upon the lower income groups, who can ill afford to pay them compared with the higher income groups; it would be payable by owners of vacant and undeveloped land. Lastly, but not least of all, it should be partly payable by the landlord, or property owner, who reaps the benefit of income from property, the increased rent of which is to a great extent derived from improvement due to local development outside the owner's control.

Shopkeepers and Derating

Under the heading "Privileged Rate-payers," *The Chemist and Druggist*, May 30, devoted its leading article to consideration of the effects of continually and steeply rising local rates. The main arguments both for retaining and repealing the rate reliefs enjoyed by the agricultural and industrial interests were admirably summarised and contrasted. Abolition of de-rating was advocated on the grounds that while it would not provide the complete answer to the question of rising rates it would, nevertheless, considerably ease the burden now being borne by shopkeepers, householders and others.

A fortnight later in the issue of June 13 *The Chemist and Druggist* published a long letter from Mr. A. G. Bradburn, a Southsea pharmacist, from which we quote: "The so-called De-rating Acts of 1928-9 exempted all agricultural land, however valuable, from the charge of local taxation, and relieved industrial concerns of three-quarters of their rates. Therefore, in order to maintain the revenue, a correspondingly greater burden was thrown upon the occupiers of houses, shops, business premises, etc., as well as on the general tax-payer.

"The mere repeal of the De-rating Acts is not sufficient for, although that would get rid of one sectional privilege and reduce the dependence of local government on the Exchequer, it would in no way overcome the evil and unjust features of a rating system that penalises improvements to property, sets a premium upon enterprise and progress, and yet allows the rent of land to pass into private pockets.

"Let any pharmacist with ideals and ambition improve and enlarge his premises for the better serving of the public in the hope of increasing the scope of his business thereby, and what happens? Along comes the rating authority and 'fines' him for his pains by increasing his rates. And if his neighbours, inspired

by his example, also improve their property, they suffer a like penalty. Yet together they have increased the general shopping amenities of that particular area, and business—it is to be hoped—improves because more people are attracted to it. It naturally follows that the desirability of occupying business premises in that district is also increased and as buildings must have land to stand upon, the value of the land is also increased.

"The remedy is to de-rate all buildings and improvements and to levy the rates on the community-created value of land alone. That is the only just system. Given free rein, it would solve many of our seemingly insoluble problems, social as well as financial."

Liberal Party Programme Criticised

In the correspondence columns of the *Liverpool Daily Post*, June 11, Mr. E. M. Ginders critically examined the Liberal Party's "Six Point Radical Programme" in these terms: "I submit that if the second point of the programme 'Commonwealth partnership' includes preferential tariffs it would conflict with the third point 'Free Trade.' In like manner the fourth point 'Co-ownership' is seen to conflict with the sixth point 'Liberty in a Free Society,' since if owners of property are to be compelled by legal enactments to share their possessions with others, the sixth point would be invalidated.

"In the good, or possibly the bad, old days of the corrupt boroughs, the cost of bribing the electorate was the candidate's responsibility. With the subsequent wide extension of the franchise, the proceeding became impossible and was made illegal. It has now been replaced by the modern procedure of buying votes by offering the electorate unearned rewards. Upwards of £1,000,000,000 per annum is being spent on drink, tobacco and entertainment which indicates surely that the public are not without means of acquiring ownership without the assistance of political parties, if they so desire. They will be less inclined to do so if they can be persuaded that proprietary interests can be acquired with no greater effort than marking a cross on the right square.

"Concerning Point Five 'The Welfare State in an expanding economy.' This seems to involve a contradiction since our own experience of the Welfare State is associated with a hamstrung economy."

Forbidden Food Imports

The *News Chronicle*, July 14, published this brief letter from Percival M. Dearle: "The overnight ban on the importation of a wholesome food from a friendly country (tomatoes from Holland) spotlights the wickedness of a bureaucratic Government which can so easily inflict undeserved loss on honest traders. It further highlights the hypocrisy of those whining complaints from British Ministers whenever United States Customs officers and other bureaucrats take almost precisely similar action to prevent competition from Europe with their own producers."

Assessments for Local Taxation

In the second reading debate on the Valuation for Rating Bill, House of Lords, July 14, Lord Saltoun made the good point that in this Bill and all other Bills, the word "value" is used, when what is really meant is "assessment." They are used as if they mean the same thing. He wished that H.M. Government could find words to substitute for the words "value" and "valuation," otherwise a great deal of harm was done. We have repeatedly insisted upon that ourselves. Under the present system of local taxation, it is ridiculous to speak of any land or buildings being "valued." There is no "valuation" whatever. The properties are assessed for taxation on the basis of the rent they might command if let in their existing condition; the assessment therefore depends wholly on the state of repair and on what use is being made of the properties, not at all on their value. Thus, for example, vacant land however valuable it may be, is not assessed at all. Incidentally, that so-called Valuation for Rating Bill is concerned alone with the assessment of dwelling houses.

HENRY GEORGE SCHOOL

Westminster. The Autumn Term of economic discussion classes will begin on September 14 and 16. Basic Courses (text book the new condensed edition of *Progress and Poverty*), will be held on Tuesdays and Thursdays. An extension course for the study of International Trade will be held on Tuesdays. Tutors will be Messrs. C. A. E. Aitken, E. Baush, K. Critchlow, A. L. Roberts and V. G. Saldji.

The special class for the training of tutors which began on July 2 is progressing well and will continue throughout the summer months. It is anticipated that by September at least six names will be added to the School's panel of tutors and lecturers. Each term the regular Tuesday evening band of volunteer workers grows. Many are engaged on specified jobs ensuring a continuity of help which is of much value to the School. Consolidation rather than expansion will be the main task during the coming months. In the Croydon, Ilford, Enfield and Hornsey areas, a firm nucleus is being built up, enabling them to be established as regular centres with their own tutors and band of workers. Details of the classes to be held in the Autumn will be announced later.

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The United Committee for the Taxation of Land Values, Ltd. (proprietors of *LAND & LIBERTY*, postal subscription 10s. or \$2 from U.S.A. and Canada), the International Union for Land Value Taxation and Free Trade, and the Leagues listed below are maintained by the voluntary support of those who believe in and would seek to advance the principle and policy which the Committee, the Union and the Leagues advocate: Land Value Taxation and Free Trade in its fulness, with removal of the tax burden on industry and abolition of all monopolies and special privileges that interfere with the production of wealth and prevent its just distribution. Cheques, etc., may be made payable to R. W. Frost (United Committee), Ashley Mitchell (International Union) or to C. H. Batty (The Land-Value Taxation League), 4 Great Smith Street, S.W.1.

Friends in the U.S.A. and Canada can contribute through the Robert Schalkenbach Foundation, 48-50, East 69th Street, New York, in which case they should name *LAND & LIBERTY* and make cheques, etc., payable to the Foundation.

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